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ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

March 28, 2002

RECORDATION NO. 23917 FILED

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

MAR 28 '02 9-02 AM
TS
SURFACE TRANSPORTATION BOARD

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are five (5) copies of a Memorandum No. 2 of Lease of Equipment No. 2, dated as of March 1, 2002 (the "Memorandum"), a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

| | |
|---------|--|
| Lessor: | HSBC Bank Canada 885 West George Street Vancouver, B.C. Canada V6C 3E9 |
| Lessee: | Canadian National Railway Company 935 de la Gauchetiere Street West Montreal, Quebec Canada H3B 2M9 |

A description of the railroad equipment covered by the enclosed document is:

One hundred and eighty five (185) gondola railcars within the series CN 136400 - CN 136598 not inclusive and CN 188414 - CN 188415, as more particularly shown on Schedule A attached to the Memorandum.

Mr. Vernon A. Williams
March 28, 2002
Page 2

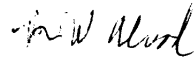
A short summary of the document to appear in the index is:

Memorandum No. 2 of Lease of Equipment No. 2.

Also enclosed is a check in the amount of \$28.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. W. Alvord", written in a cursive style.

Robert W. Alvord

RWA/anm
Enclosures

(HSBC / CN)

THIS MEMORANDUM NO. 2 OF LEASE OF EQUIPMENT NO. 2 (the "Memorandum No. 2") is dated as of March 1, 2002 and is intended to evidence that certain Lease of Equipment No. 2 dated as of March 1, 2002 (the "Lease No. 2") between **HSBC Bank Canada** as lessor (the "Lessor") and **Canadian National Railway Company** as lessee (the "Lessee").

This Memorandum No. 2 has been entered into for the purpose of satisfying the requirements for i) recordation with the Surface Transportation Board of the United States Department of Transportation under Section 11301 of Title 49 of the *United States Code* and ii) deposit with the Registrar General of Canada under Section 105 of the *Canada Transportation Act*.

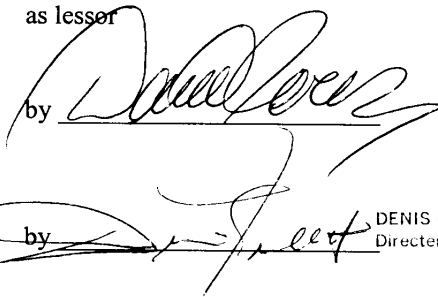
All of the terms of the Lease No. 2 are incorporated, by reference, in this Memorandum No. 2 as if fully set forth herein. This Memorandum No. 2, and the Lease No. 2, evidence the lease, by the Lessor to the Lessee, of the units of railroad rolling stock, together with all accessories and appurtenances thereto, more particularly described on Schedule A hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum No. 2 to be executed, by their officers thereunto duly authorized, as of the day and year first above written.

HSBC BANK CANADA,

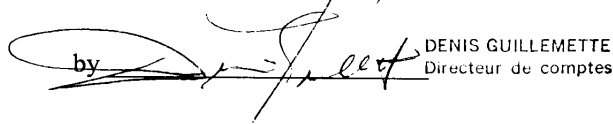
as lessor

by



Daniel Perron
Directeur Régional
Division Crédit-bail

by



DENIS GUILLEMETTE
Directeur de comptes

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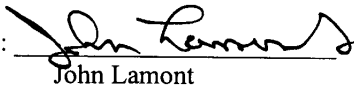
SURFACE TRANSPORTATION BOARD

CANADIAN NATIONAL

RAILWAY COMPANY,

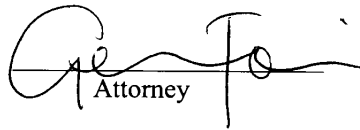
as lessee

by:


John Lamont

PROVINCE OF QUEBEC)
) ss.:
DISTRICT OF MONTREAL)

On this 26th day of March, 2002, before me personally appeared John Lamont, to me personally known, who, by me being duly sworn, says that he is Sr. Manager, Asset Finance of Canadian National Railway Company, and that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Attorney

Bar Number: 190021-8

PROVINCE OF QUEBEC)
) ss.:
DISTRICT OF MONTREAL)

On this ____ day of March, 2002, before me personally appeared _____, to me personally known, who, by me being duly sworn, says that he is _____ of HSBC Bank Canada, and that the foregoing instrument was signed on behalf of said bank by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Commissioner for Oaths

My commission expires:



PROVINCE OF QUEBEC)
) ss.:
DISTRICT OF MONTREAL)

On this ____ day of March, 2002, before me personally appeared John Lamont, to me personally known, who, by me being duly sworn, says that he is Sr. Manager, Asset Finance of Canadian National Railway Company, and that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

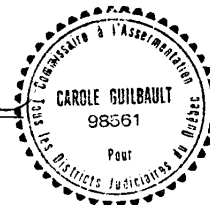
Attorney

Bar Number:

PROVINCE OF QUEBEC)
) ss.:
DISTRICT OF MONTREAL)

On this 26 day of March, 2002, before me personally appeared DANIEL PERRON, to me personally known, who, by me being duly sworn, says that he is REG. LEAS. MGR of HSBC Bank Canada, and that the foregoing instrument was signed on behalf of said bank by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Guillaume
Commissioner for Oaths



My commission expires:

03/09/2004

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PROVINCE OF QUEBEC)
) ss.:
DISTRICT OF MONTREAL)

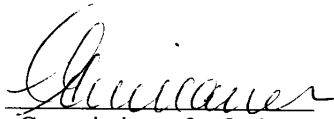
On this ____ day of March, 2002, before me personally appeared John Lamont, to me personally known, who, by me being duly sworn, says that he is Sr. Manager, Asset Finance of Canadian National Railway Company, and that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

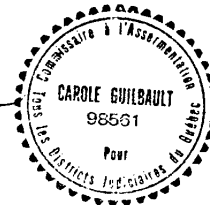
Attorney

Bar Number:

PROVINCE OF QUEBEC)
) ss.:
DISTRICT OF MONTREAL)

On this 26 day of March, 2002, before me personally appeared Denis Guillebert, to me personally known, who, by me being duly sworn, says that he is ACCOUNT MANAGER of HSBC Bank Canada, and that the foregoing instrument was signed on behalf of said bank by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.


Commissioner for Oaths



My commission expires:

03/09/2004

SCHEDULE A

DESCRIPTION OF UNITS

Quantity: 185

Description: 52' 100-ton gondolas bearing the following marks and numbers:

CN 136400 to CN 136406 inclusive,
CN 136408 to CN 136410 inclusive,
CN 136412 to CN 136417 inclusive,
CN 136419 to CN 136429 inclusive,
CN 136431 to CN 136439 inclusive,
CN 136441 to CN 136447 inclusive,
CN 136449 to CN 136464 inclusive,
CN 136466 to CN 136487 inclusive,
CN 136489 to CN 136499 inclusive,

CN 136500 to CN 136508 inclusive,
CN 136512 to CN 136535 inclusive,
CN 136537 to CN 136540 inclusive,
CN 136542,
CN 136544 to CN 136546 inclusive,
CN 136548 to CN 136550 inclusive,
CN 136552 to CN 136553 inclusive,
CN 136555 to CN 136568 inclusive,
CN 136570 to CN 136584 inclusive,
CN 136586 to CN 136589 inclusive,
CN 136591 to CN 136592 inclusive,
CN 136594 to CN 136598 inclusive, and

CN 188414¹ to CN 188415² inclusive.

¹ Gondola originally marked CN 136411; and

² Gondola originally marked CN 136418.